

Message Text

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E.O. 11652: NA

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SUBJ: BANDAR ABBAS PORT PROJECT

REF: STATE 128754, STATE 133237

1. EMBOFF CALLED ON DR. KHOSROW ZARRABI, DEPUTY DIRECTOR OF PORTS AND SHIPPING ORGANIZATION (PSO) AND MANAGER FOR FEW PROJECTS, ON JUNE 11 TO DISCUSS STATUS DRAVO PROPOSAL FOR BANDAR ABBAS PORT. ACCORDING ZARRABI, DRAVO PROPOSAL DISQUALIFIED DUE ITS SUBMISSION ON COST REIMBURSABLE BASIS.

2. ZARRABI STATED THAT HE MET ON SEVERAL OCCASIONS WITH DRAVO CONSORTIUM REPS TO DISCUSS GROUP'S NONCOMPLIANCE WITH PSO TENDER REGULATIONS. DRAVO GROUP AWARE THAT COUNCIL OF MINISTERS HAD DECREED THAT BANDAR ABBAS CONTRACT MUST BE AWARDED ON LUMP SUM BASIS, BUT GROUP NONETHELESS DECIDED TO BID COST REIMBURSABLE. DRAVO ALSO WAS NOT ABLE TO MEET SOME OTHER BID CONDITIONS SUCH AS DOCUMENTATION OF COST CALCULATIONS AND INCLUSION DUTIES AND OTHER TAXES IN COST ESTIMATES. ZARRABI SAID HE AWARE OF DRAVO'S CONSIDERABLE EXPENSES IN PREPARING PROPOSAL AND THEREFORE HAD MADE EVERY EFFORT TO ENCOURAGE US GROUP TO COMPLY WITH REGS. IN SOME INSTANCES COMPLIANCE WAS ACHIEVED (EXAMPLE- DRAVO DID NOT ORIGINALLY SUBMIT REQUIRED GUARANTEE BOND); HOWEVER, US GROUP IN FINAL ANALYSIS DID NOT OFFER LUMP SUM PROPOSAL. FURTHERMORE, WHILE DRAVO PROPOSAL TECHNICALLY GOOD, IT NOT AMONG TOP THREE ON TECHNICAL EVALUATION.

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3. ACCORDING ZARRABI ANNOUNCEMENT AWARD EXPECTED BY END MONTH. FUNDS LEFT OVER FROM LAST YEAR'S BUDGET WILL ALLOW IMMEDIATE IMPLEMENTATION. PSO ENGINEERS AND GROU UK CONSULTANTS (NO UK GROUP BID ON PORT) MADE INDEPENDENT TECHNICAL

EVALUATIONS WHICH COINCIDED. GROUP (NOT IDENTIFIED) FIRST ON
TECHNICAL EVALUATION BID ENTIRE PROJECT AT \$812 MILLION; SECOND-
PLACE GROUP PROPOSAL WAS \$1 BILLION.

4. ACCORDING ZARRABI, SHAH READ PROPOSALS AND APPROVED EVALUA-
TION PROCEDURE INCLUDING STRICT INTERPRETATION RE COMPLIANCE.
PORTS NOT SPECIFIC SUBJECT OF VARIOUS BILATERAL TRADE AGREE-
MENTS, AND AWARD WILL BE MADE ACCORDING TECHNICAL AND COST
CONSIDERATIONS ONLY.
MIKLOS

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